

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

02-08MA

2. STATE:

New Jersey

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.326

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 650 thousand

b. FFY 2003 \$ 650 thousand

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, page 17
Attachment 4.19-B, page 24.1
Attachment 4.19-C, page 24.2

*** SEE REMARKS

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Same

Same

New

New Jersey (02-08MA)
approved: 01/29/03
effective: 04/01/02

10. SUBJECT OF AMENDMENT:

Incentive Payments to Mental Health Rehabilitation Facilities

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Exempt, pursuant to 7.4 of the State Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Wendolyn L. Harris

14. TITLE:

Commissioner

15. DATE SUBMITTED:

16. RETURN TO:

Division of Medical Assistance and Health Services

P.O. Box 712, mail code #26
Trenton, NJ 08625-0712

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

JAN 29 2003

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

04/01/02

20. SIGNATURE OF REGIONAL OFFICIAL:

Sue Kelly

21. TYPED NAME:

Sue Kelly

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS: As Per State Letter dated 11/21/02 newly submitted pages are revised and being approved with this SPA.

REIMBURSEMENT FOR RESIDENTIAL TREATMENT CENTERS

Reimbursement for inpatient psychiatric services for individuals under age 21 provided in residential treatment centers accredited by the Joint Commission on Accreditation of Hospitals shall be based on reasonable costs as defined in both the Department of Human Services' Contract Reimbursement Manual and the Contract Policy and Information Manual. These manuals describe the rate setting process which is based on a retrospective reimbursement system.

Payment for inpatient psychiatric services for individuals under 21 provided in State operated residential treatment centers accredited by the Joint Commission on Accreditation of Hospitals shall be based on reasonable costs reported on quarterly cost reports prepared based on a Cost Allocation Plan for administrative costs of the New Jersey Department of Human Services, Division of Youth and Family Services. This Cost Allocation Plan is in accordance with Federal rules and regulations contained in 45 CFR, Part 95 and is approved by the Federal Department of Health and Human Services. After the costs attributable to Title XIX residential treatment program services have been determined for each quarter for each residential treatment center, these costs will be divided by the total number of days that clients have received services. The resulting reimbursement rate will be used for monthly billings and is based on actual costs incurred.

Clothing will be an allowable service for Medicaid patients residing in residential treatment centers.

Medicaid enrolled in-state providers of non-state-operated residential treatment centers, who meet the above criteria, that achieve a level of service above 85 percent will be eligible to receive a one time incentive payment equal to one-half the difference between the actual level of service percentage and 85 percent. Any level of service above 90.5 percent does not qualify for this incentive payment. These incentive payments will take the form of an adjustment to the amount paid in excess of the provider's reimbursable contract ceiling and will be determined at contract closeout. The base used for determining the incentives will be the actual audited contract closeout data, limited to include service activity beginning on or after January 1, 2001 through the last date of the contract term ending on or prior to December 31, 2001, and will be provided one time only. Future cost reports will not be adjusted to reflect the one time payment.

Authorization for the incentive payments will be contingent on the Department's approval of the provider's submitted incentive spending plan. Providers will receive formal notification of such approval.

Reimbursement for these services shall not exceed federal upper payment limits as defined in 42 CFR 447.325.

02-08-MA (NJ)

Supersedes SPA 90-17-MA

TN 02-08 Approval Date JAN 29 2003
Supersedes TN 90-17 Effective Date APR 01 2002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Mental Health Rehabilitation Services
Residential Child Care Facilities, Children's Group Homes, Community
Psychiatric Residences for Youth

If a regional area contains too few provider groupings to use the median-based methodology described above, reimbursement for room and board will be computed for each individual facility.

For provider types that are not required to submit cost data, the Title XIX reimbursable services rate will be determined by subtracting the Title IV-E Foster Care stipend from the per diem rate.

Reimbursement for clothing that is required as part of a treatment regimen and included in the Plan of Care will be included in the Title XIX reasonable costs.

Reimbursement for transportation for medically necessary purposes will also be included in the per diem rates. Cost of non-patient-related care travel, such as commuting, shall be excluded from the per diem rates. Patient-related transportation costs incurred will be included in the allowable Title XIX costs of the provider if reasonable and necessary. This would include amounts paid to or on behalf of an employee for necessary patient care transportation and reasonable costs of owned or leased vehicles used to transport a child for medically necessary patient care. Transportation costs related to meetings and conferences will be included in the per diem rates when the primary purpose of such meetings and conferences is the dissemination of information for the advancement of patient care or efficient operation of the facility. This policy for transportation costs is in accordance with Medicare cost principles as defined in the Medicare Provider Reimbursement Manual, HIM Pub 15-1.

These rates will not be adjusted in the provider's current contract year except for Department of Human Services approved adjustments, including, but not limited to, cost of living adjustments.

The rates established above will continue to be reviewed and, if necessary, revised at the end of the contract year upon submission and review of each provider's year-end reports. A determination of reasonable actual costs will be made by the respective agencies of the Department (the Division of Mental Health Services or the Division of Youth and Family Services) and final per diem rates will be determined. Any adjustment in the final rates will be consistent with the principles in the Contract Reimbursement Manual, the Contract Policy and Information Manual, and the median reimbursement methodology discussed above.

02-08-MA (NJ)

Supersedes SPA 01-24-MA

TN 02-08
Supersedes TN 01-24
JAN 29 2003
JAN 29 2003
APR 01 2002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Mental Health Rehabilitation Services
Residential Child Care Facilities, Children's Group Homes, Community
Psychiatric Residences for Youth

Medicaid enrolled in-state providers of non-state-operated residential and group home services, who meet the above licensing criteria, that achieve a level of service above 85 percent will be eligible to receive a one time incentive payment equal to one-half the difference between the actual level of service percentage and 85 percent. Any level of service above 90.5 percent does not qualify for this incentive payment. These incentive payments will take the form of an adjustment to the amount paid in excess of the provider's reimbursable contract ceiling and will be determined at contract closeout. The base used for determining the incentives will be the actual audited contract closeout data, limited to include service activity beginning on or after January 1, 2001 through the last date of the contract term ending on or prior to December 31, 2001. Incentive payments are limited to a one time payment. Future cost reports will not be adjusted to reflect the one time payment.

Authorization for the incentive payments will be contingent on the Department's approval of the provider's submitted incentive spending plan. Providers will receive formal notification of such approval.

In no case will the federal claim for these services exceed the federal upper payment limits as defined in 42 C.F.R. 447.325, which precludes the claiming for costs that exceed the prevailing charges in the locality for comparable services.

TN 02-08 Approval Date JAN 29 2003
Supersedes TN New Approval Date APR 01 2002 02-08-MA (NJ)
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TN Supersedes TN Approval Date
Supersedes TN Approval Date